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**HOUSING AUTHORITY
OF THE
CITY OF BOSSIER CITY
BOSSIER CITY, LOUISIANA**

~~Parish Clerk of Court
LSA-RS 24:516(1) provides that this report shall be
available for inspection for a period of not less
than one year from the date of receipt.
Legislative Auditor~~

ANNUAL FINANCIAL REPORT

June 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/16/02

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

As of and for the Year Ended June 30, 2001

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HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

As of and for the Year Ended June 30, 2001

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INDEPENDENT AUDITORS' REPORT



SMITH PUGH & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the
City of Bossier City
Bossier City, Louisiana

We have audited the accompanying general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Bossier City, Louisiana, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2001, on our consideration of the Housing Authority of Bossier City Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards which is required by U.S. Office of Management and Budget Circular No. 133, *Audits of States, Local Governments, Non-Profit Organizations*, and the financial data schedule, listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Smith Pugh & Company, LLP
Smith Pugh & Company, LLP
Certified Public Accountants
December 28, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Balance Sheet - Enterprise Funds

June 30, 2001

<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 210,902
Investments	2,627,267
Accounts receivable, net of allowance	126,110
Interest receivable	82
Interfund receivable	74,639
Prepaid items and other assets	132,482
Inventory	16,731
Total current assets	<u>3,188,213</u>
Restricted assets:	
Cash and cash equivalents	38,900
Investments	40,574
Total restricted assets	<u>79,474</u>
Fixed assets:	
Land, buildings, and equipment (net)	<u>11,536,834</u>
Total assets	<u>\$ 14,804,521</u>
<u>Liabilities and Fund Equity</u>	
Current liabilities:	
Accounts payable	\$ 120,621
Interfund payable	74,639
Deferred revenue	77,860
Total current liabilities	<u>273,120</u>
Current liabilities payable from current restricted assets:	
Deposits due others	<u>79,474</u>
Total current liabilities payable from current restricted assets	<u>79,474</u>
Noncurrent liabilities:	
Compensated absences payable	<u>43,986</u>
Total noncurrent liabilities	<u>43,986</u>
Total liabilities	<u>396,580</u>
Fund equity:	
Contributed capital	10,774,442
Retained earnings:	
Unreserved	<u>3,633,499</u>
Total fund equity	<u>14,407,941</u>
Total liabilities and fund equity	<u>\$ 14,804,521</u>

The notes to the financial statements are an integral part of this statement.

See the accompanying independent auditors' report.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Statement of Revenues, Expenses, and
 Changes in Fund Equity - Enterprise Funds
 June 30, 2001

Operating revenues:	
Dwelling rental	\$ 1,476,038
Other	48,062
Total operating revenues	<u>1,524,100</u>
Operating expenses:	
Administration	649,434
Tenant services	5,248
Utilities	126,420
Ordinary maintenance & operations	1,096,582
Protective services	214,156
General expenses	407,487
Non-routine maintenance	57,651
Housing assistance payments	880,978
Depreciation and amortization	876,469
Total operating expenses	<u>4,314,425</u>
Income (loss) from operations	<u>(2,790,325)</u>
Nonoperating revenues:	
Interest earnings	172,377
Federal grants	1,743,389
Gain or loss on disposition of fixed assets	(238)
Bond refund earnings	52,000
Total nonoperating revenues	<u>1,967,528</u>
Net income (loss)	<u>(822,797)</u>
Depreciation on fixed assets acquired by contributions	<u>771,734</u>
Increase (decrease) in retained earnings	<u>(51,063)</u>
Retained earnings at beginning of year	<u>3,684,562</u>
Retained earnings at end of year	<u>3,633,499</u>
Contributed capital at beginning of year	10,998,652
Capital contributions (net)	547,524
Depreciation transferred from retained earnings	(771,734)
Contributed capital at end of year	<u>10,774,442</u>
Fund equity, end of year	<u>\$ 14,407,941</u>

The notes to the financial statements are an integral part of this financial statement.

See the accompanying independent auditors' report.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Combined Statement of Cash Flows - Enterprise Funds

June 30, 2001

Cash flows from operating activities:	
Operating income (loss)	\$ (2,790,325)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation and Amortization	876,469
Changes in operating current assets and liabilities:	
(Increase) Decrease in interfund receivables	(3,006)
(Increase) Decrease in accounts receivables	70,314
(Increase) Decrease in interest receivables	25
(Increase) Decrease in prepaid items and other assets	(33,541)
(Increase) Decrease in inventory	(210)
Increase (decrease) in accounts payables	(23,989)
Increase (decrease) in interfund payables	3,006
Increase (decrease) in deposits due others	4,267
Increase (decrease) in deferred revenue	(2,076)
Net cash provided (used) by operating activities	<u>(1,899,066)</u>
Cash flows from noncapital financing activities:	
Federal grants	<u>1,743,389</u>
Net cash provided (used) by noncapital financing activities	<u>1,743,389</u>
Cash flows from capital and related financing activities:	
Proceeds from bond refunding	52,000
Proceeds from sale of fixed assets	30,119
Purchase fixed assets	(1,076,194)
Decrease in compensated absences	(927)
Contributed capital	<u>1,039,589</u>
Net cash provided (used) by capital and related financing activities	<u>44,587</u>
Cash flows from investing activities:	
(Increase) Decrease in investments	(78,136)
(Increase) Decrease in restricted assets	(6,227)
Interest earnings	<u>172,377</u>
Net cash provided (used) by investing activities	<u>88,014</u>
Net increase (decrease) in cash and cash equivalents	<u>(23,076)</u>
Cash and cash equivalents at beginning of year	<u>272,878</u>
Cash and cash equivalents at end of year	<u><u>\$ 249,802</u></u>

The notes to the financial statements are an integral part of this statement.

See the accompanying independent auditors' report.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies:

The accompanying financial statements of the Housing Authority of the City of Bossier City, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

- A. Reporting Entity – Housing Authorities are chartered as public corporations under the laws (LSA-RS 40:391) of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority of the City of Bossier City is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the City of Bossier City, serve a five-year staggered term.

The Housing Authority has the following units:

		<u># of Units</u>
PHA Owned Housing	FW 1144	437
Section 8 – New Construction - Cloverdale	FW 2171	179
Non HUD Programs:		
Riverwood		304

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, set rates or charges, and issue bonded debt.

GASB Statement No. 14 defines a related organization as an organization for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable. According to this definition, the Housing Authority is a related organization of the City of Bossier City since the City appoints a voting majority of the Housing Authority's governing board. The City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Bossier City, Louisiana. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Bossier City, Louisiana.

Certain units of local government over which the Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies (Continued):

A. Reporting Entity – (Continued):

units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations, which are legally separate entities

B. Funds – The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

C. Measurement Focus and Basis of Accounting – Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. Budgets

General Budget Policies – The Housing Authority adopted budgets for all funds. The budgets for the Comprehensive Improvement Assistance Programs are multiple-year budgets.

HUD approves all budgets for all HUD-funded programs. The budget is controlled by fund at the function level. Budgetary amendments require approval of the board of commissioners. The Executive Director is authorized to transfer amounts between line items within any fund provided such does not change the total of any function. All appropriations lapse at year-end.

Encumbrances -- Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies (Continued):

D. Budgets – (Continued):

Formal budget integration (within the accounting records) is employed as a management control device.

E. Cash and Cash Equivalents – Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Investments – Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following that are required/permitted as per GASB Statement No. 31:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost - based measure.
2. The Housing Authority reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

G. Short-Term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Inventory and Prepaid Items – All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year-end the amount of inventory is recorded for external financial reporting purposes.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies (Continued):

H. Inventory and Prepaid Items – (Continued):

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Bad Debts – Uncollectible amounts due from tenant's are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

J. Fixed Assets – Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings	40 years
Building and site improvements	15 years
Office equipment (other than computers)	5-10 years
Computers and software	3 years
Automobiles and trucks	5 years

K. Compensated Absences – The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

L. Fund Equity – Reservations represent those portions of fund equity that are not appropriable for expenses or legally segregated for a specific future use.

M. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Refundable Deposits – The Housing Authority requires tenants to place a deposit before moving in to a unit. These monies are considered restricted and are held until the tenant moves out.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

2. Cash, Cash Equivalents, and Investments:

At June 30, 2001, the Housing Authority has cash and cash equivalents (book balances) totaling \$249,802 as follows:

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year end, the Housing Authority's carrying amount of deposits was \$249,802, including restricted tenant deposits of \$ 38,900, and the bank balance was \$ 293,334. Of the bank balance, \$ 164,109 was covered by federal depository insurance. \$ 129,225 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

3. Investments:

Investments made by the Housing authority are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk within the following three categories:

1. Insured or registered, or securities held by the Housing Authority or its agent in the Housing Authority's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Housing Authority's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Housing Authority's name.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

3. Investments (Continued):

At year end, the Housing Authority investment balances included the following:

	Category			Carrying Amount		Total Carrying Amount
	1	2	3	Fair Value	Amortized Cost	
Certificates of Deposit	\$100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At June 30, 2001, the Housing Authority investments in the Louisiana Asset Management Pool of \$ 2,567,841, stated at cost, which approximates market. This amount included restricted tenant deposits of \$40,574.

In accordance with GASB Codification 150.165 the investment in LAMP at June 30, 2001, is not categorized in the three risk categories provided by GASB Codification 150.164 because the investment is in a pool of funds and therefore is not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

4. Restricted Assets:

Restricted assets were applicable are as follows at June 30, 2001:

Low Rent Public Housing:

Restricted investments- tenant deposits	\$ 40,574
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Business Activities:

Restricted cash and cash equivalents:	
tenant deposits	38,900
Total restricted assets	<u>\$ 79,474</u>

5. Accounts Receivable:

The receivables of \$ 126,110, net of allowance for doubtful accounts of \$2,000, at June 30, 2001, are as follows:

<u>Class of Receivables</u>	<u>Amount</u>
Local sources:	
Tenants	\$ 24,347
Other	31,317
Department of Housing and Urban Development	72,446
Total	<u>128,110</u>
Less allowance for doubtful accounts- tenants	2,000
Total	<u>\$ 126,110</u>

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

6. Fixed Assets:

The changes in balances in fixed assets are as follows:

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$ 823,011	\$ -	\$ -	\$ 823,011
Buildings and improvements	18,576,815	507,008	-	19,083,823
Furniture and equipment	651,674	74,202	(44,785)	681,091
Construction in progress	895,804	494,984	(518,440)	872,348
Total	<u>20,947,304</u>	<u>1,076,194</u>	<u>(563,225)</u>	<u>21,460,273</u>
Less accumulated depreciation:				
Buildings and improvements	8,646,866	796,604	-	9,443,470
Furniture and equipment	440,907	79,865	(40,803)	479,969
Total	<u>9,087,773</u>	<u>876,469</u>	<u>(40,803)</u>	<u>9,923,439</u>
Fixed assets, net	<u>\$ 11,859,531</u>	<u>\$ 199,725</u>	<u>\$ (522,422)</u>	<u>\$ 11,536,834</u>

7. Retirement System:

The Housing Authority participates in The Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing six months of continuous and uninterrupted employment. Each participant in the plan is required to make a monthly contribution equal to 6% of his basic compensation. The employer makes a monthly contribution equal to 8.5% of each participant's basic compensation. The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for the fiscal year ended June 30, 2001 was \$672,054. The Housing Authority's contributions were calculated using the base salary amount of \$ 621.662. Both the Housing Authority and the covered employees made the required contributions for the year ended June 30, 2001. Employee contributions to the plan totaled \$ 37,300. The Housing Authority contributions totaled \$ 52,841 for the year ended June 30, 2001.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

7. Accounts Payable:

The payables of \$ 120,621 at June 30, 2001, are as follows:

	Total
Vendors	\$ 75,623
Payable to HUD	1,497
Other governments	43,501
Total	<u>\$ 120,621</u>

8. Compensated Absences:

At June 30, 2001, employees of the Housing Authority have accumulated and vested \$ 43,986 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded liabilities in the funds from which payment will be made.

9. Long Term Obligations:

The following is a summary of the long-term obligation transactions for the year ended June 30, 2001:

Balance July 1, 2000	\$ 44,913
Additions	-
Deductions	(927)
Balance, June 30, 2001	<u>\$ 43,986</u>

10. Commitments and Contingencies:

Litigation – At June 30, 2001, the Housing Authority was not involved in any known pending or threatened litigation.

Construction Projects – There are certain major construction projects in progress at June 30, 2001. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Grant Disallowances - The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any,

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Bossier City, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2001

which may arise from future audits will not be material.

10. Commitments and Contingencies (Continued):

Risks and Uncertainties - The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

11. Interfund Assets/Liabilities:

Interfund receivables /payables at June 30, 2001 are as follows:

	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$ 74,639	\$ -
New Construction and Substantial Rehabilitation- Section 8	-	2,173
Business Activities - Riverwood	-	20
Drug Elimination Grant	-	12,345
Public Housing Grant Programs	-	60,101
Total	<u>\$ 74,639</u>	<u>\$ 74,639</u>

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Supplemental Information Schedules – Enterprise Funds
For the Year Ended June 30, 2001

LOW RENT PUBLIC HOUSING

Provides decent, safe and affordable dwellings for lower income families. Operating subsidy funds are received to achieve and maintain adequate operating and maintenance service and reserves.

PUBLIC HOUSING GRANT PROGRAMS

To improve the physical quality of housing provided to low - income households through modernization and development.

NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION

Cloverdale

(Lower Income Housing Assistance, Section 8 - New Construction, CFDA #14.182)

Provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for very low-income families at rents they can afford. Housing assistance payments are used to make up the difference between the approved rent due to the owner for the dwelling unit and the occupant family's required contribution towards rent.

BUSINESS ACTIVITIES

Riverwood Apartments

This fund accounts for the activity of a 304-unit multifamily complex acquired by the Housing Authority from HUD on September 27, 1995.

DRUG ELIMINATION GRANT

Provides services to eliminate drug problems for safe housing.

Housing Authority of the City of Bossier City
Bossier City, Louisiana

Combining Balance Sheet - Enterprise Funds
June 30, 2001

	Low Rent Public Housing	Public Housing Grant Programs	New Construction and Substantial Rehabilitation - Section 8 - Cloverdale	Business Activities - Riverwood	Drug Elimination Grant	Totals
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 93,577	\$ -	\$ 107,883	\$ 9,442	\$ -	\$ 210,902
Investments	1,684,589	-	-	942,678	-	2,627,267
Accounts receivable, net of allowance	34,540	60,101	-	19,124	12,345	126,110
Interest receivable	82	-	-	-	-	82
Interfund receivable	74,639	-	-	-	-	74,639
Prepaid items and other assets	90,816	-	-	41,666	-	132,482
Inventory	16,731	-	-	-	-	16,731
Total current assets	1,994,974	60,101	107,883	1,012,910	12,345	3,188,213
Restricted assets:						
Cash and cash equivalents	-	-	-	38,900	-	38,900
Investments	40,574	-	-	-	-	40,574
Total restricted assets	40,574	-	-	38,900	-	79,474
Fixed assets:						
Fixed assets (net of accumulated depreciation)	8,455,904	1,432,160	-	1,648,770	-	11,536,834
Total assets	\$ 10,491,452	\$ 1,492,261	\$ 107,883	\$ 2,700,580	\$ 12,345	\$ 14,804,521
<u>Liabilities and Fund Equity</u>						
Current liabilities:						
Accounts payable	\$ 106,685	\$ -	\$ 1,497	\$ 12,439	\$ -	\$ 120,621
Interfund payable	-	60,101	2,173	20	12,345	74,639
Deferred revenue	1,308	-	76,297	255	-	77,860
Total current liabilities	107,993	60,101	79,967	12,714	12,345	273,120
Current liabilities payable from restricted assets:						
Deposits due others	40,574	-	-	38,900	-	79,474
Total current liabilities payable from restricted assets	40,574	-	-	38,900	-	79,474
Noncurrent liabilities:						
Compensated absences payable	43,986	-	-	-	-	43,986
Total noncurrent liabilities	43,986	-	-	-	-	43,986
Total liabilities	192,553	60,101	79,967	51,614	12,345	396,580
Fund equity:						
Contributed capital	7,982,656	1,432,160	-	1,359,626	-	10,774,442
Retained earnings:						
Unreserved	2,316,243	-	27,916	1,289,340	-	3,633,499
Total fund equity	10,298,899	1,432,160	27,916	2,648,966	-	14,407,941
Total liabilities and fund equity	\$ 10,491,452	\$ 1,492,261	\$ 107,883	\$ 2,700,580	\$ 12,345	\$ 14,804,521

Housing Authority of the City of Bossier City
Bossier City, Louisiana

Combining Statement of Revenues, Expenses, and Changes in Fund Equity - Enterprise Funds
June 30, 2001

	Low Rent Public Housing	Public Housing Grant Programs	New Construction and Substantial Rehabilitation - Section 8 - Cloverdale	Business Activities - Riverwood	Drug Elimination Grant	Totals
Operating revenues:						
Dwelling rental	\$ 493,832	\$ -	\$ -	\$ 982,206	\$ -	\$ 1,476,038
Other	27,183	-	-	20,879	-	48,062
Total revenues	521,015	-	-	1,003,085	-	1,524,100
Operating expenses:						
Administration	338,052	97,528	26,342	187,512		649,434
Tenant services	-	5,248	-	-		5,248
Utilities	58,820	-	-	67,600		126,420
Ordinary maintenance & operations	596,725		-	499,857		1,096,582
Protective services	18,560	-	-	95,826	99,770	214,156
General expenses	295,619	-	-	111,868		407,487
Non-routine maintenance	48,971	-	-	8,680		57,651
Housing assistance payments	-	-	880,978	-		880,978
Depreciation and amortization	762,376	51,386	-	62,707		876,469
Total operating expenses	2,119,123	154,162	907,320	1,034,050	99,770	4,314,425
Income (loss) from operations	(1,598,108)	(154,162)	(907,320)	(30,965)	(99,770)	(2,790,325)
Nonoperating revenues (expenses):						
Interest earnings	112,470	-	2,869	57,038	-	172,377
Federal grants	449,953	282,822	910,844	-	99,770	1,743,389
Gain or loss on disposition of fixed assets	(238)	-	-	-	-	(238)
Bond refund earnings	52,000	-	-	-	-	52,000
Total nonoperating revenues (expenses)	614,185	282,822	913,713	57,038	99,770	1,967,528
Income (loss) before operating transfers	(983,923)	128,660	6,393	26,073	-	(822,797)
Operating transfers	180,046	(180,046)	-	-	-	-
Net income (loss)	(803,877)	(51,386)	6,393	26,073	-	(822,797)
Depreciation on fixed assets by contributions	683,571	51,386	-	36,777		771,734
Increase (decrease) in retained earnings	(120,306)	-	6,393	62,850	-	(51,063)
Fund balances at beginning of year	2,436,549	-	21,523	1,226,490	-	3,684,562
Retained earnings at end of year	2,316,243	-	27,916	1,289,340	-	3,633,499
Contributed capital at beginning of year	8,160,886	1,441,363	-	1,396,403	-	10,998,652
Capital contributions (net)	505,341	42,183	-	-	-	547,524
Depreciation transferred from retained earnings	(683,571)	(51,386)	-	(36,777)	-	(771,734)
Contributed capital at end of year	7,982,656	1,432,160	-	1,359,626	-	10,774,442
Fund equity, end of year	\$10,298,899	\$ 1,432,160	\$ 27,916	\$2,648,966	\$ -	\$14,407,941

Supplementary schedule. Presented for purposes of additional analysis only.

Housing Authority of the City of Bossier City
Bossier City, Louisiana
Combining Statement of Cash Flows - Enterprise Funds
June 30, 2001

	Low Rent Public Housing	Public Housing Grant Programs	New Construction and Substantial Rehabilitation Section 8 - Cloverdale	Business Activities - Riverwood	Drug Elimination Grant	Totals
Cash flows from operating activities:						
Operating income (loss)	\$(1,598,108)	\$ (154,162)	\$ (907,320)	\$ (30,965)	\$ (99,770)	\$(2,790,325)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:						
Depreciation and amortization	762,376	51,386	-	62,707	-	876,469
Changes in operating current assets and liabilities:						
(Increase) decrease in:						
Interfund receivables	(3,006)	-	-	-	-	(3,006)
Accounts receivables	91,318	(21,538)	-	(7,141)	7,675	70,314
Interest receivables	25	-	-	-	-	25
Prepaid items and other assets	(8,775)	-	-	(24,766)	-	(33,541)
Inventory	(210)	-	-	-	-	(210)
Increase (decrease) in:						
Accounts payables	11,383	(404)	(11,823)	(23,145)	-	(23,989)
Interfund payables	-	21,942	133	(11,394)	(7,675)	3,006
Deposits due others	6,227	-	-	(1,960)	-	4,267
Deferred revenue	97	-	1	(2,174)	-	(2,076)
Net cash provided by (used) by operating activities	(738,673)	(102,776)	(919,009)	(38,838)	(99,770)	(1,899,066)
Cash flows from noncapital financing activities:						
Operating transfers in (out)	180,046	(180,046)	-	-	-	-
Federal grants	449,953	282,822	910,844	-	99,770	1,743,389
Net cash provided (used) by noncapital financing activities	629,999	102,776	910,844	-	99,770	1,743,389
Cash flows from capital and related financing activities:						
Proceeds from bond refunding	52,000	-	-	-	-	52,000
Proceeds from sale of fixed assets	30,119	-	-	-	-	30,119
Purchase fixed assets	(535,686)	(534,248)	-	(6,260)	-	(1,076,194)
Decrease in compensated absences	(927)	-	-	-	-	(927)
Contributed capital	505,341	534,248	-	-	-	1,039,589
Net cash provided (used) by capital and related financing activities	50,847	-	-	(6,260)	-	44,587
Cash flows from investing activities:						
(Increase) Decrease in:						
Investments	31,032	-	-	(109,168)	-	(78,136)
Restricted assets	(6,227)	-	-	-	-	(6,227)
Interest earnings	112,470	-	2,869	57,038	-	172,377
Net cash provided (used) by investing activities	137,275	-	2,869	(52,130)	-	88,014
Net increase (decrease) in cash and cash equivalents	79,448	-	(5,296)	(97,228)	-	(23,076)
Cash and cash equivalents at beginning of year	14,129	-	113,179	145,570	-	272,878
Cash and cash equivalents at end of year	\$ 93,577	\$ -	\$ 107,883	\$ 48,342	\$ -	\$ 249,802

Supplementary schedule. Presented for purposes of additional analysis only.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2001

COMPENSATION PAID BOARD MEMBERS:

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Mr. Charles Maxie, Chairperson

Mrs. Bettie Sims, Vice Chairperson

Mrs. Vita Gregorio

Mr. Johnny A. Benson

Mr. Enoch T. Nix

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Bossier City, Louisiana

Financial Data Schedule

As of and for the Year Ended June 30, 2001

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Programs	Business Activities	Total
111	Cash - unrestricted	\$107,883	\$ 93,577	\$ -	\$ -	\$ 9,442	\$ 210,902
114	Cash - tenant security deposits	-	40,574	-	-	38,900	79,474
100	Total cash	107,883	134,151	-	-	48,342	290,376
122	Accounts receivable - HUD other projects	-	-	12,345	60,101	-	72,446
125	Accounts receivable - miscellaneous	-	31,316	-	-	-	31,316
126	Accounts receivable - tenants-dwelling rents	-	4,223	-	-	20,124	24,347
126	Allowance for doubtful accounts- dwelling rents	-	(1,000)	-	-	(1,000)	(2,000)
129	Accrued interest receivable	-	82	-	-	-	82
120	Total receivables, net of allowances for doubtful accounts	-	34,621	12,345	60,101	19,124	126,191
131	Investments - unrestricted	-	1,684,589	-	-	942,678	2,627,267
142	Prepaid expenses and other assets	-	90,817	-	-	41,666	132,483
143	Inventories	-	16,731	-	-	-	16,731
144	Inter-program due from	-	74,639	-	-	-	74,639
150	Total current assets	107,883	2,035,548	12,345	60,101	1,051,810	3,267,687
161	Land	-	723,011	-	-	100,000	823,011
162	Buildings	-	14,958,873	-	507,008	1,798,320	17,264,201
163	Furniture, equipment & machinery - dwellings	-	215,204	-	47,907	18,264	281,375
164	Furniture, equipment & machinery - administration	-	337,699	-	62,017	-	399,716
165	Leasehold improvements	-	1,819,622	-	-	-	1,819,622
166	Accumulated depreciation	-	(9,598,505)	-	(57,120)	(267,814)	(9,923,439)
167	Construction in progress	-	-	-	872,348	-	872,348
160	Total fixed assets, net of accumulated depreciation	-	8,455,904	-	1,432,160	1,648,770	11,536,834
180	Total non-current assets	-	8,455,904	-	1,432,160	1,648,770	11,536,834
190	Total assets	107,883	10,491,452	12,345	1,492,261	2,700,580	14,804,521
312	Accounts payable, <=90 days	-	63,184	-	-	12,439	75,623
322	Accrued compensated absences	-	43,986	-	-	-	43,986
332	Accounts payable-PHA projects	1,497	-	-	-	-	1,497
333	Accounts payable- other government	-	43,501	-	-	-	43,501
341	Tenant security deposits	-	40,574	-	-	38,900	79,474
342	Deferred revenues	76,297	1,308	-	-	255	77,860
347	Inter-program due to	2,173	-	12,345	60,101	20	74,639
310	Total current liabilities	79,967	192,553	12,345	60,101	51,614	396,580
350	Total noncurrent liabilities	-	-	-	-	-	-
300	Total liabilities	79,967	192,553	12,345	60,101	51,614	396,580
504	Net HUD PHA contributions	-	7,982,656	-	1,432,160	-	9,414,816
507	Other contributions	-	-	-	-	1,359,626	1,359,626
508	Total contributed capital	-	7,982,656	-	1,432,160	1,359,626	10,774,442
512	Undesignated fund balance/ retained earnings	27,916	2,316,243	-	-	1,289,340	3,633,499
513	Total equity	27,916	10,298,899	-	1,432,160	2,648,966	14,407,941
600	Total liabilities and equity	\$107,883	\$10,491,452	\$ 12,345	\$1,492,261	\$2,700,580	\$14,804,521

Supplementary schedule. Presented for purposes of additional analysis only.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Financial Data Schedule
As of and for the Year Ended June 30, 2001

Line Item #	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Public Housing Grant Programs	Business Activities	Total
703	Net tenant rental revenue	\$ -	\$ 493,832	\$ -	\$ -	\$ 954,799	\$1,448,631
704	Tenant revenue - other	-	7,329	-	-	47,333	54,662
705	Total tenant revenue	-	501,161	-	-	1,002,132	1,503,293
706	HUD PHA grants	910,844	449,953	99,770	817,070	-	2,277,637
711	Investment income-unrestricted	2,869	112,470	-	-	57,038	172,377
715	Other revenue	-	71,854	-	-	953	72,807
716	Gain/loss on sale of fixed assets	-	(238)	-	-	-	(238)
700	Total revenue	913,713	1,135,200	99,770	817,070	1,060,123	4,025,876
911	Administrative salaries	19,410	232,159	-	57,212	117,717	426,498
912	Auditing fees	2,672	6,489	-	1,000	4,514	14,675
913	Outside management fees	-	-	-	-	19,854	19,854
914	Compensated absences	-	2,603	-	-	-	2,603
915	Employee benefit contributions	-	-	-	-	-	-
	administrative	3,143	75,566	-	24,267	37,862	140,838
916	Other operating-administrative	1,117	124,571	-	15,050	37,770	178,508
922	Relocation costs	-	-	-	5,248	-	5,248
931	Water	-	28,607	-	-	21,826	50,433
932	Electricity	-	26,294	-	-	29,449	55,743
933	Gas	-	3,919	-	-	2,051	5,970
938	Other utilities expense	-	-	-	-	14,274	14,274
941	Ordinary maintenance and operations-labor	-	181,592	-	-	83,020	264,612
942	Ordinary maintenance and operations-materials and other	-	93,573	-	-	222,565	316,138
943	Ordinary maintenance and operations-contract costs	-	262,362	-	-	167,961	430,323
945	Employee benefit contributions- ordinary maintenance	-	59,373	-	-	26,311	85,684
952	Protective services-other contract costs	-	18,560	99,570	-	95,826	213,956
953	Protective services-other	-	-	200	-	-	200
961	Insurance premiums	-	121,884	-	-	49,278	171,162
963	Payments in lieu of taxes	-	43,501	-	-	-	43,501
964	Bad debts-tenant rents	-	26,722	-	-	32,384	59,106
969	Total operating expenses	26,342	1,307,773	99,770	102,777	962,662	2,499,326
970	Excess operating revenue over operating expenses	887,371	(172,575)	-	714,293	97,461	1,526,550
971	Extraordinary maintenance	-	-	-	-	8,680	8,680
972	Casualty losses - non-capitalized	-	48,972	-	-	-	48,972
973	Housing assistance payments	880,978	-	-	-	-	880,978
974	Depreciation expense	-	762,376	-	51,386	62,707	876,469
900	Total expenses	907,320	2,119,123	99,770	154,163	1,034,049	4,314,425
1001	Operating transfers in	-	180,046	-	-	-	180,046
1002	Operating transfers out	-	-	-	(180,046)	-	(180,046)
1010	Total other financing sources (uses)	-	180,046	-	(180,046)	-	-
1000	Excess (deficiency) of operating revenue over (under) expenses	6,393	(803,877)	-	482,861	26,074	(288,549)
1103	Beginning equity	21,523	10,597,435	-	1,441,363	2,622,893	14,683,214
1104	Prior period adjustments, equity transfers and correction of errors	-	-	492,065	(492,065)	-	-
1112	Depreciation add back	-	683,571	-	51,386	36,777	771,734
1115	Contingency reserve, ACC program reserve	742,078	-	-	-	-	742,078
1116	Total annual contributions available	742,078	-	-	-	-	742,078
1120	Unit months available	2,148	5,064	-	-	3,600	10,812
1121	Number of unit months leased	\$ 2,095	\$ 4,977	\$ -	\$ -	\$ 3,539	\$ 10,611

Supplementary schedule. Presented for purposes of additional analysis only.

**ADDITIONAL REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The first report following this page is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

**ADDITIONAL REPORT REQUIRED BY
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-133**

The second report following this page contains information on the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular No. A-133. The section of the report on compliance is related to tests of compliance with laws, regulations, contracts and grants relating to federal awards programs. The section of the report on internal control over compliance is, likewise, related to matters that would be significant and/or material to federal awards programs.



SMITH PUGH & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners
Housing Authority of the
City of Bossier City
Bossier City, Louisiana

We have audited the general purpose financial statements of the Housing Authority of the City of Bossier City, Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Smith Pugh & Company, LLP

Smith Pugh & Company, LLP
Certified Public Accountants
December 28, 2001



SMITH PUGH & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the
City of Bossier City
Bossier City, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Bossier City, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority of the City of Bossier City, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 01-1.

Internal Control Over Compliance

The management of the Housing Authority of the City of Bossier City, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the

purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, and pass - through entities and is not intended to be and should not be used by anyone other than these specified parties.

Smith Pugh & Company, LLP

Smith Pugh & Company, LLP
Certified Public Accountants
December 28, 2001

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

<u>Federal Grantor/ Pass-through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Program or Award Amount</u>
U.S. Department of Housing and Urban Development Direct Program		
Public and Indian Housing -		
Operating subsidy *	14.850	\$ 449,953
Lower Income Housing Assistance		
Section 8 - New Construction *	14.182	910,844
Drug Elimination Grant Program	14.854	99,770
Comprehensive Grant Program	14.859	261,278
Capital Fund Grant *	14.872	555,792
Total U.S. Department of Housing and Urban Development		<u>\$ 2,277,637</u>

* Indicates Major program

See accompanying notes to schedule of expenditures of federal awards.
Supplementary schedule. Presented for purposes of additional analysis only.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's general-purpose financial statements.

NOTE 3 – RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

Low Rent Public Housing	\$ 449,953
New Construction and Substantial Rehabilitation	910,844
Drug Elimination Grant	99,770
Public Housing Grant Programs	<u>817,070</u>
Total	<u><u>\$2,277,637</u></u>

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

NOTE 5 – FEDERAL AWARDS

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of the Housing Authority bonds or for the Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

AUDIT FINDINGS

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2001

Section I - Summary of auditors' Results

Financial Statements:

Type of auditors' report issued	<u>Unqualified</u>		
<u>Internal control over financial reporting:</u>			
Material weakness(es) identified?	<u> </u> YES	<u> </u> X	<u> </u> NO
Reportable conditions(s) identified not considered to be material weaknesses?	<u> </u> YES	<u> </u> X	<u> </u> NO
<u>Compliance over financial reporting:</u>			
Noncompliance material to the financial statements noted?	<u> </u> YES	<u> </u> X	<u> </u> NO

Federal Awards:

Type of Report on Compliance for Major Programs	<u>Unqualified</u>		
<u>Internal control</u>			
Material weakness(es) identified?	<u> </u> YES	<u> </u> X	<u> </u> NO
Reportable conditions(s) identified not considered to be material weaknesses?	<u> </u> YES	<u> </u> X	<u> </u> NO
<u>Compliance</u>			
Are there reportable conditions required to be disclosed by OMB Circular A-133, Section 510(a)?	<u> </u> X	<u> </u> YES	<u> </u> NO

Identification of Major programs:

<u>Name of federal Program:</u>	<u>CFDA</u>
	<u>Number</u>
Low Income Housing	14.850
Section 8 - New Construction	14.182
Public Housing Capital Fund	14.872

Dollar threshold used to distinguish between "Type A" and "Type B" programs	<u>\$ 300,000</u>
Is auditee a "low-risk" auditee, as defined by OMB Circular a-133	<u> </u> YES <u> </u> X <u> </u> NO

Section II- Financial Statement Findings

See Schedule of Audit Findings

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Schedule of Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2001

**FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS:**

Findings related to compliance:

No reportable instances of noncompliance were noted.

Findings related to internal control:

No reportable conditions were noted.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS REQUIRED TO BE REPORTED IN
ACCORDANCE WITH OMB CIRCULAR A-133:**

Findings related to compliance:

Finding 01-1: Tests of Tenant Files

(Public and Indian Housing Program, CFDA #14.850)
(Section 8 – New Construction, CFDA #14.182)

Condition: Out of 42 files tested, the following was noted:

- * Two files had inaccurate calculations of expected annual income.
- * Two files had one occupant living in a two-bedroom apartment.
- * Seven files had no copy of documents used to verify income.

Reason improvement needed: Files should be maintained in accordance with HUD regulations.

Cause of condition: Unknown.

Recommendation: Tenant files should be periodically reviewed to insure compliance with HUD regulations.

Management's response: Management will continue to monitor files in an effort to improve compliance.

Findings related to internal control:

No reportable conditions were noted.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY

Bossier City, Louisiana

Schedule of Prior-Year Findings and Questioned Costs
For the Year Ended June 30, 2001

Finding 00-1 <u>Loan to employee-</u> The Housing Authority sold an air conditioner to an employee and set up payment through monthly payroll deduction Louisiana Article VII, Sec. 14	Resolved
Finding 00-2 <u>Sale of Housing Authority</u> <u>Assets to Employee -</u> The Housing Authority sold an air conditioner to an employee Louisiana R.S. 42:1113A	Resolved
Finding 00-3 <u>Tests of Tenant Files</u>	Unresolved- Sec finding 01-1.

HOUSING AUTHORITY OF THE CITY OF BOSSIER CITY
Bossier City, Louisiana

Corrective Action Plan
For the Year Ended June 30, 2001

Our corrective action plan is as follows:

Finding 01-1

Contact person responsible for action: Mr. Billie Hensley

Anticipated completion date: March 31, 2002

Corrective action planned: We will continue to inspect files on a quarterly basis in an effort to improve compliance.